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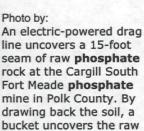
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Searching For New Digs

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LAKELAND - Florida's century-old phosphate industry has unearthed some new challenges as it attempts to find more of the rock.

Mining companies are close to exhausting the rich phosphate deposits in Polk County and eastern Hillsborough County. They want to expand south into Hardee, Manatee



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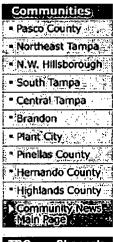
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and DeSoto counties.

already five years old.

The public, however, isn't granting the state's third-largest industry a free pass. Two counties, the state's largest phosphate company, environmentalists and a water utility remain locked in permitting battle

Antiphosphate mining forces fear that churning up soil with the 55-foot, 3million-pound draglines will pollute the Peace River, an important tributary which supplies drinking water to 100,000 people and feeds the pristine estuary of Charlotte Harbor.

In addition, the industry's economics

are putting pressure on Florida, where three companies have gone bankrupt in the past 18 months and scattered phosphate deposits are raising mining costs.

``Will we be able to get permits, real estate, water?" asks consultant Tino Prado. ``We have a lot of phosphate but we also have a lot of technical, economic and regulatory questions facing us."

Phosphate pebbles were discovered in the Peace River near Fort Meade more than 100 years ago.

The rock deposits formed 10 million to 15 million years ago, when large amounts of rich organic materials at the bottom of the ocean - now Florida - decayed. As the sea level changed, erosion concentrated the phosphate, forming the deposits that are mined.

Florida supplies 75 percent of the nation's phosphate; it also provides 25 percent of the world's phosphate.

The mined phosphate is sent to chemical plants in central Florida for conversion into a substance called diamonium phosphate. The conversion process has created the twenty-three stacks of gypsum that loom over the region. The gypsum stacks, which contain acidic water, pose a potential environmental hazard if not managed properly.

The diamonium phosphate nuggets are combined with nitrogen and potassium to form fertilizer.

Economic Challenges

Thanks to competition from India, Australia and Morocco, where labor and regulatory costs are a fraction of those in the Unites States, diamonium phosphate prices have plunged 30 percent over the last three years, with a slight rebound during the past few months.

The financial fallout has been severe. Three central Florida companies have declared bankruptcy - Mulberry Phosphates, Agrifos and Farmland Hydro LLP.

The bankruptcies left three active mining companies in the area; IMC Phosphates MP Inc., Cargill Crop Nutrition Inc. and CF Industries Inc.

Over the past three years, employment in Florida's phosphate industry has dropped from 8,000 to 6,500 and annual payroll has declined from \$450 million to \$415 million. But phosphate still represents 92 percent of the outbound cargo at the Port of Tampa, the nation's largest port for exporting diamonium phosphate.

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The industry also must deal with problems in extracting **phosphate** rock from the less-rich lands. Deposits in Hardee, Manatee and DeSoto counties are more spread out and deeper in the ground than those in Polk County.

The deeper pits force the draglines to spend more time and energy getting to the **phosphate**. Once **phosphate** is located, much more clay must be separated from the rock. The rock also must be pumped a longer distance to purification facilities.

"We've mined up all of the good stuff," says Gene Armbrister, manager mines services for IMC, the state's largest **phosphate** company.

"The value of mining here in Florida is going way, way down," he says. "After what we've spent and what we expect to spend we're asking whether we should buy the rock offshore and process it here. The industry is strapped right now."

That would please many people in Southwest Florida.

Environmental Fight

A coalition of government bodies and environmentalists have teamed up to thwart the industry's expansion into Hardee, Manatee and DeSoto.

The opposition centers on a proposed 2,500-acre mine near the headwaters of Horse Creek in western Hardee County. The creek feeds into the Peace River.

Opponents fear that intense mining upstream will create runoff that damages the quality of the Peace River water. Substances such as manganese, aluminum and fluoride, which occur naturally, could escape the mine in harmful amounts and pollute the water, the groups say.

And because **phosphate** mining uses massive amounts of water, mining critics worry the flow of the Peace River could be affected.

The river meanders into Charlotte Harbor, an estuary which attracts substantial tourism. It also supplies about 100,000 people with drinking water.

But that tract is just the beginning for the Peace River watershed. IMC owns an additional 40,000 acres slated for mining in DeSoto, Hardee and Manatee counties. Cargill is buying 15,000 acres in Hardee County from Farmland Hydro LLC, a bankrupt phosphate land owner.

Charlotte County and the Peace River Manasota Regional Water Supply Authority - a water utility representing DeSoto, Manatee, Charlotte and Sarasota counties - are challenging IMC's permit.

Charlotte County has committed \$3 million to fight the mines in addition to the \$1.5 million it has spent over the past five years.

Ed de la Parte, an attorney for Charlotte County, said state mining laws are one of the problems. They were written decades ago when mining wasn't considered as much of a threat to the environment.

``Five years down the road if something is wrong, we can't go back and change the permit," he says. ``It's an all or nothing approach and that's wrong."

In August, David Struhs, the head of the Florida Department of Environmental Protection, was barred by a state appeals court from making a decision on the IMC permit because of comments he made about an administrative law judge's ruling. The judge said the agency was following the rules in evaluating the permit.

Although the permit was still in litigation and the agency had not delivered a final decision, Struhs said the public could ``feel comforted" by the administrative judge's decision.

The appeals court ruled Struhs' comments left the impression he had already made up his mind. Gov. Jeb Bush subsequently appointed Steve Seibert, head of the state Department of Community Affairs, to evaluate the permit. Seibert is expected to rule by the end of November.

The Industry Responds

The phosphate industry defends its practices, saying it is committed to a clean environment and reclaiming used lands. Companies now recover, restore and reuse 95 percent of the water needed in the mining process, says Diana Youmans, an IMC spokeswoman.

A yearlong study by the Southwest Florida Water Management District says the Peace River has survived years of phosphate mining in Polk County in pretty good shape.

Concentrations of nitrates and phosphorus downstream from mines were not significantly higher compared to the Withlacoochee River, a river in Hernando County where no phosphate mining has occurred.

The study found the water flow in the Peace River's upper third had been affected but attributed the lower levels to urbanization and agriculture as well as mining.

David Moore, deputy executive director of the water management district, says industry practices are much more environmentally sensitive than 25 years ago. He says he doesn't think closely regulated mining will damage Charlotte Harbor or drinking water.

"The phosphate industry has done an excellent job in recent years with the water's quality coming off their property," he says.

Becky Ayech, a spokeswoman for the Environmental Confederation of Southwest Florida, a coalition of 33 groups, doesn't buy it. The mining alone doesn't provide significant jobs to Florida, she says.

"Is it really smart to have mining at all?" Ayech asks.

Hardee County Wants Answers

The questions don't end with water quality and economic stability.

Hardee County commissioners are concerned with the massive clay settling ponds that result from the mining process. The ponds can take up 40 percent of a mine's land with gooey, watery clay that doesn't dry and harden for 20 years.

Since most of the new mines are slated for Hardee County, several thousand acres could be submerged in clay. An attempt to ship the clay to old mines in Hillsborough County was rejected by Hillsborough County commissioners.

Hardee County Commission Chairman Walter Oliff Jr. says wrangling with phosphate companies has been the most difficult chore in his 10 years in politics.

He would like IMC to commit to developing the clay settling ponds and reclaimed mines into homes, shopping centers and parks once the company is finished.

"They haven't been part of this community," says Oliff, a lifelong Hardee County resident. "They say they do but I can bring you to the merchants and they don't. Basically, you're taking our soil and making the gold and jobs in Hillsborough and Polk counties."

For Mac Horton, chairman of the Charlotte County Commission, the solution lies with the state Legislature. He says his county is working with its legislative delegation to draw up a new phosphate mining law.

He said the county wants stricter regulations.

"Mining should be a real concern for everybody in this county," Horton says. "We just want to make sure our water supply is protected in terms of quality and quantity."

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